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June 2, 2026

Councilmember Katy Yaroslavsky, Chair
Budget and Finance Committee

RE: 25-0600-S125

On June 2, 2026, the Government Operations Committee considered May 21, 2026 and May 26, 2026 Office of Finance (OOF) reports relative to the implementation of a business tax amnesty program for cannabis businesses. After consideration, the Committee moved to recommend:

1. INSTRUCT the Office of Finance (OOF) to:
 - a. Implement a business tax amnesty program for registered cannabis businesses as described in the May 26, 2026 OOF report, attached to the Council File, with full waiver of penalties and interest and installment agreements for up to three years, with longer agreements up to five years available to small businesses with comparatively large liabilities.
 - b. Report to Council, within 45 days of the deadline for businesses to apply for the amnesty program, with:
 - i. Number of businesses applying, the number of businesses provided amnesty
 - ii. Total amount of liability waived
 - iii. Amount of additional revenue anticipated based on participation in the program.
 - c. Report with a plan to establish a Social Security Tax Exemption for social equity cannabis businesses, providing options for an exemption threshold between \$100,000 and \$1,000,000 of their gross receipts.

2. APPROPRIATE \$200,000 to the OOF General Fund No. 100/39 Overtime General Account 001090; and, APPROPRIATE \$100,000 to the OOF General Fund No. 100/39 Salaries As-Needed Account 1070, to be funded by increased cannabis business tax revenues.

3. REQUEST the City Attorney to prepare and present an Ordinance authorizing the cannabis business tax amnesty program as described in the May 26, 2026 OOF report, attached to the Council File.

The above recommendations are based on the recommendations contained in the May 26, OOF with the addition of Recommendation 1c. This file is hereby transmitted to the Budget and Finance Committee.

Adam Lid
Legislative Assistant II

Vote:
Padilla: Yes
Lee: Yes
Jurado: Yes